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Message Text

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INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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SUBJECT: EC COMMISSION ON THE LONDON SUPPLIERS' AGREEMENT, SAFEGUARDS, PHYSICAL SECURITY AND THE SUPPLY AGENCY

REF: (A) EC BRUSSELS 2261, (B) EC BRUSSELS 922, (C) EC BRUSSELS 31

1. BEGIN SUMMARY: AN EC COMMISSION SOURCE HAS TOLD US THAT THE COMMISSION WILL EXAMINE SOON A PAPER PREPARED BY THE COMMISSION STAFF RECOMMENDING THAT THE COMMISSION AGREE TO THE PRINCIPLES OF THE LONDON SUPPLIERS' AGREEMENT WITH THE ONLY CAVEAT BEING TO ENSURE THAT IMPLEMENTATION OF THAT AGREEMENT NOT RESTRAIN THE FREE MOVEMENT OF NUCLEAR MATERIALS AND EQUIPMENT AMONG THE MEMBER STATES. REGARDING THE IAEA-EURATOM SAFEGUARDS AGREEMENT, AN INCONCLUSIVE MEETING WAS HELD ON MARCH 4-5 AT WHICH IT WAS AGREED THAT AFTER FINAL EXPERTS MEETING AROUND MARCH 18 THE OUTSTANDING ISSUES WOULD BE REFERRED TO THE PERMANENT REPRESENTATIVES. ON PHUSICAL SECURITY THE COMMISSION SERVICES HAVE PREPARED A PAPER PROPOSING THE HARMONIZATION AMONG THE MEMBER
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STATES OF PHYSICAL SECURITY OF NECLEAR MATERIAL AND

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EQUIPMENT. THIS CAN BE DONE WITHIN THE EXISTING
TREATY. END SUMMARY.

2. LONDON SUPPLIERS AGREEMENT. AMORY, EC COMMISSION
DIVISION CHIEF FOR BILATERAL AND MULTILATERAL NUCLEAR
TECHNOLOGY, TOLD MISSION OFFICERS THAT THE BELGIAN
PERMANENT REPRESENTATIVE IN COREPER HAD ASKED FOR THE
OPINION OF THE COMMISSION ON THE LONDON SUPPLIERS
AGREEMENT. THE COMMISSION STAFF HAS PREPARED A
PAPER WHICH WILL BE EXAMINED BY THE COMMISSIONERS ON
MARCH 17. THE PAPER RECOMMENDS THAT THE COMMISSION
AGREE TO THE PRINCIPLES OF THE LONDON SUPPLIERS'
AGREEMENT BUT MAKE EVERY EFFORT TO ENSURE THAT IMPLE-
MENTATION OF THAT AGREEMENT NOT RESTRAIN THE FREE
MOVEMENT OF NUCLEAR MATERIALS AND EQUIPMENT AMONG
THE MEMBER STATES. AMORY SAID,FOR EXAMPLE, THAT
ANYTHING WHICH WOULD REQUIRE A GREEN LIGHT FROM
MOSCOW OR WASHINGTON TO PERMIT A SALE OF NUCLEAR
MATERIAL OR EQUIPMENT BY ONE MEMBER STATE TO ANOTHER
WOULD BE UNACCEPTABLE. (IF WASHINGTON WOULD LIKE
US TO PASS ANY THOUGHTS ON THIS SUBJECT PRIOR TO
THE MARCH 17 MEETING WE WOULD APPRECIATE GUIDANCE.)

3. THE COMMISSION STAFF, HE SAID, TAKES A PRAGMATIC
ATTITUDE ON THIS ISSUE. IT WOULD, FOR EXAMPLE, BE
THEORETICALLY POSSIBLE TO ARUGE THAT THE SUPPLIERS'
AGREEMENT VIOLATED ARTICLE 103 OF THE EURATOM TREATY
WHICH STATES THAT "MEMBER STATES SHALL COMMUNICATE TO
THE COMMISSION DRAFT AGREEMENTS OR CONTRACTS ...
TO THE EXTENT THAT SUCH AGREEMENTS OR CONTRACTS CON-
CERN MATTERS WITHIN THE PURVIEW OF THIS TREATY."
TO PROTEST ON THE BASIS OF ARTICLE 013 WOULD BE UN-
REALISTIC, HOWEVER, NOT ONLY BECAUSE THE COMMISSION
APPROVES OF THE PRINCIPLES OF THE SUPPLIERS' AGREE-
MENT BUT ALSO BECAUSE IT WOULD BE TILTING AT WIND-
MILLS TO TRY TO DECLARE THE FRENCH, THE BRITISH AND
THE GERMANS OUT OF ORDER.

4. IAEA/EURATOM SAFEGUARDS AGREEMENT. AMORY SAID
ANOTHER MEETING OF EURATOM SAFEGUARDS EXPERTS WAS
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HELD ON MARCH 4 AND 5. NOTHING BYOND THAT REPORTED
IN REFTELS B AND C EMERGED EXCEPT THAT A FINAL SAFE-
GUARDS AGREEMENT MEETING IS SCHEDULED MARCH
18. AND 19. IT WAS AGREED THAT ANY PROBLEMS STILL REMAINING
AFTER THAT MEETING WILL BE BUCKED UP TO COREPER FOR
RESOLUTION SINCE THE UNRESOLVED ISSUES ARE EXPECTED
TO BE POLITICAL.

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5. AMORY CONTINUES TO BE CONFIDENT THAT THE ISSE WILL BE RESOLVED BEFORE EASTER AND THE COMMISSION WILL BE ABLE TO SEND ITS LETTER TO THE IAEA WHICH WILL PERMIT IMPLEMENTATION OF THE AGREEMENT.

6. PHYSICAL SECURITY OF NUCLEAR MATERIALS. AMORY SAID THE SERVICES OF THE COMMISSION HAD PREPARED A PAPER ON PHYSICAL SECURITY THAT WOULD BE EXAMINED BY THE COMMISSION ON MARCH 17. AMORY SAYS THE PAPER PROPOSES THAT THE COMMISSION SEND TO THE COUNCIL A DRAFT REGULATION CALLING FOR PHYSICAL SECURITY TARGETS TO BE ESTABLISHED BY ALL MEMBER STATES IN THE AREAS OF PHYSICAL PROTECTION.

7. HE BELIEVES THIS CAN BE DONE BASED ON ARTICLE 203 OF THE EURATOM TREATY WHICH STATES THAT "IF ACTION BY THE COMMUNITY SHOULD PROVE NECESSARY TO ATTAIN ONE OF THE OBJECTIVES OF THE COMMUNITY AND THIS TREATY HAS NOT PROVIDED THE NECESSARY POWERS, THE COUNCIL SHALL, ACTING UNANIMOUSLY ON A PROPOSAL FROM THE COMMISSION AND AFTER CONSULTING THE ASSEMBLY, TAKE THE APPROPRIATE MEASURES." ACCORDING TO AMORY, THE "OBJECTIVE" TO WHICH THE ABOVE LANGUAGE CAN BE APPLIED IS OUTLINED IN ARTICLE 2D TO WIT: "THE COMMUNITY SHALL..ENSURE THAT ALL USERS IN THE COMMUNITY RECEIVE A REGULAR AND EQUITABLE SUPPLY OF ORES AND NUCLEAR FUELS." SINCE SUPPLIERS ARE NOW BEGINNING TO INSIST THAT RECEIVERS OF NUCLEAR MATERIAL INSTITUTE ADEQUATE PHYSICAL SECURITY MEASURES THE COMMISSION CAN ARGUE THE COMMUNITY SHOULD TAKE STEPS TO ENSURE THAT THE PHYSICAL SECURITY IN THE COMMUNITY IS ADEQUATE. IMPLEMENTATION OF THE PROVISIONS OF THE REGULATION WOULD BE THE RESPONSIBILITY
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OF THE MEMBER STATES.

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8. AMORY SAID THAT HE BELIEVED THAT THE STANDARDS CALLED FOR IN THE DRAFT REGULATION WOULD GO BEYOND THE CURRENT IAEA RECOMMENDED GUIDELINES. (COMMENT: IT REMAINS TO BE SEEN HOW THE MEMBER STATES WILL VIEW THIS EXERCISE.)

9. SUPPLY AGENCY. IN RESPONSE TO A QUESTION AMORY SAID HE THOUGHT THAT THE STEAM HAD GONE OUT OF EARLIER EFFORTS TO RESTRICT THE ACTIVITY OF THE SUPPLY AGENCY THROUGH CHANGES TO CHAPTER VI OF THE EURATOM TREATY. THIS HAD BEEN FAVORED FOR SOME TIME BY THE FRENCH AND THE GERMANS. SINCE THE ENLARGEMENT OF THE COMMUNITY, HOWEVER, THE SUPPLY AGENCY'S HAND HAS BEEN STRENGTHENED SINCE THE BRITISH WANT IT TO PLAY A MAJOR ROLE. AMORY NOTED THAT SUPPLY AGENCY HEAD, OBOUSSIER IS EXPECTED TO BE RETIRING AND AMORY WOULD NOT BE SURPRISED IF HIS REPLACEMENT WERE BRITISH. AMORY SAID THAT HIS OWN VIEW WAS THAT ABOLISHING THE SUPPLY AGENCY AT THE VERY TIME THE COMMUNITY IS ATTEMPTING TO AGREE ON COMMON ENERGY POLICY DID NOT
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MAKE SENSE.

10. IN A SEPARATE CONVERSATION WITH OBOUSSIER, HE ADMITTED THAT THE SUPPLY AGENCY'S ROLE HAD BECOME SIGNIFICANTLY REDUCED OR AT LEAST THE RESPONSIBILITY HAD MININISHED AS NUCLEAR POWER BECOMES MORE COMMER-CIALISED. HE REPORTED CONTINUING ATTEMPTS BY THE FRENCH TO AVOID WORKING THROUGH THE SUPPLY AGENCY.

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ON THE OTHER HAND, GERMANY SEEMED TO WELCOME ANY ASSISTANCE HE COULD PROVIDE ALTHOUGH THE SUPPLY AGENCY'S CAPABILITY TO SATISFY THEIR NATURAL URANIUM AND ENRICHMENT SERVICE REQUIREMENTS WERE NOT AS GREAT AS THAT AVAILABLE THROUGH THEIR OWN PRIVATE UTILITIES. ACCORDING TO OBOUSSIER, THE U.K.'S LOW LEVEL OF NUCLEAR POWER ACTIVITES HAD NOT RESULTED IN THEIR BEING A MAJOR INFULENCE IN THIS AREA OF RESPONSIBILITY. AS TO THE FUTURE OF THE SUPPLY AGENCY, OBOUSSIER STATED COMMISSION VP SIMONET WAS FOR RETAINING ITS PRESENT ROLE BUT THIS COULD CHANGE AFTER HE LEAVES. THE GERMAN INTEREST IN THE SUPPLY AGENCY MAY DEPEND ON WETHER THE FRG DESIRES TO RETAIN OBOUSSIER'S SENOR LEVEL POSITION IN THE COMMISSION STAFF.

1. COMMENT: IN SUMMARY, OBOUSSIER'S VIEW IS THAT THE ROLE OF THE SUPPLY AGENCY TO INSURE AVAILABILITY OF NUCLEAR MATERIALS INCLUDING DIRECT INVOLVEMENT IN THEIR PROCUREMENT IS REDUCING THROUGH THE NATURAL COURSE OF EVENTS. WHETHER THE SUPPLY AGENCY SURVIVES AS A SEPARATE ORGANIZATION WILL DEPEND ON THE INFLUENCE OF PERSONALITIES. ALSO A FACTOR WILL BE HOW STRONG THE FRENCH MIGHT PUSH TO ELIMINATE THE ENTIRE ACTVITIES OF THE SUPPLY AGENCY. ALL OF THIS COULD COME TO A HEAD AT THE TIME OBOUSSIER LEAVES THE SCENE IN MAY 1977. END COMMENT. HINTON

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